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COUNTRY China

SUBJECT The National Democratic Reconstruction Association
X1 in its Relations with the United States

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1. The initial step of the plan of the National Democratic Reconstruction Association (NDRA) in its efforts to hold its position in the Chinese Communist Government is to try to persuade wealthy overseas Chinese, particularly in the US, to buy Chinese Communist Government bonds and eventually to invest directly in factories in China. This is already being worked on.
2. The NDRA would also like clandestine economic support from the United States government; this should initially take the form of supposedly overseas Chinese money contributed to the NDRA with which the NDRA would buy bonds and hold the bonds in the party treasury. The NDRA thus hopes to make a start at attacking the economic deterioration and at the same time keep open some ties with the West.
3. The NDRA ultimately visualize overseas Chinese from the US visiting China to look for good business situations in which to place funds. Here again the US could enter the picture clandestinely and actually become the purchaser of factories all over China through overseas Chinese as front men.
4. The NDRA will thus become the responsible and controlling group in the continuing solution of China's primary problem, the deteriorating economic situation and the failing industrialization. The NDRA will have power, because it will have a true base for power. By the time the three year period of the coalition government set by the Chinese Peoples Consultative Conference comes to an end the NDRA hopes as a maximum to be in position to steer China along the path of friendship with the West and resistance to Soviet imperialism; as a minimum to keep China from becoming a complete Soviet satellite even if the Chinese government continues as a Communist dominated coalition.
5. Although HUANG Yen-pei, the leader of the NDRA, is 70 years old, there is no paucity of able NDRA "fighters" to carry on the party's struggle. Organizationally the NDRA is well built to continue in existence simply because it is made of the following groups:
 - a. The vocational education group, headed by HUANG Yen-pei who is also

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CENTRAL INTELLIGENCE AGENCY

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Minister of Light Industry. If and when HUANG withdraws from the scene, his assistant YANG Wei-yu who is a Vocational Education group man (and Vice Minister of Light Industry) will probably take HUANG's place as head of the NDRA.

- b. The banker group, headed by CHANG Nai-chi.
- c. The industrial group, headed by HU Chun-wen.
- d. If the NDRA enlists the support of wealthy overseas Chinese they will become a fourth group.

As bourgeois groups in a would-be socialist state they realize they must hang together.

Another reason for the NDRA's strength is the relative ease with which it can spot attempted Communist infiltration. The membership requirements make this so; one cannot establish the prerequisite reputation as an educator, banker or industrialist overnight.

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